



Testimony: HB 2087—Harvest Tax Rates

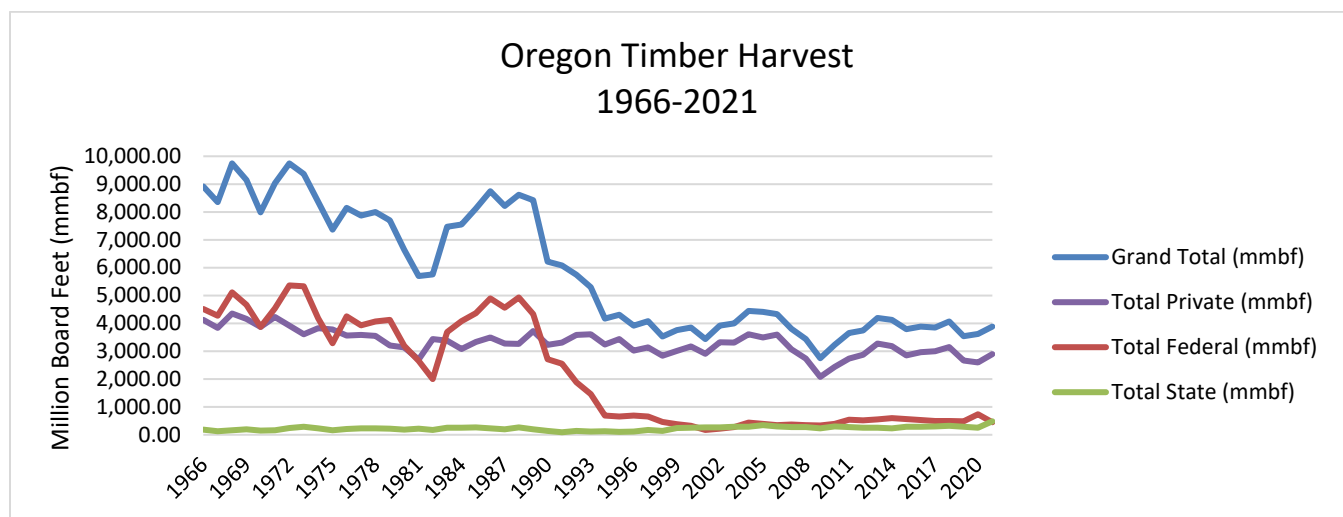
The Department of Forestry appreciates the opportunity to provide testimony on House Bill 2087.

HB 2087 amends ORS 321.015 to establish the Forest Products Harvest Tax rates for calendar years 2024 and 2025 that support the Oregon State University (OSU) Forest Research Laboratory, OSU professional forestry education, and the Oregon Department of Forestry’s administration of the Oregon Forest Practices Act. HB 2087 maintains the concept of shared responsibility for Forest Practices Act program delivery between the public and forestland owners.

The new harvest tax rates for the next two years are calculated based on the ending balance for this biennium, projected budgetary needs, and harvest levels for next biennium. Due to the direct link between the department’s next biennial budget and harvest tax rates, the rates must remain fluid until the department’s budget bill is at or near completion. Therefore, the department recommends concurrent consideration of HB 2087 and House Bill 5020 by the Joint Committee on Ways and Means during the final legislative budget process, after which the rates in HB 2087 would be amended for next biennium’s harvest tax rates.

Tax rates as established by HB 2087 are assessed per thousand board-feet harvested. The Oregon Department of Revenue collects the harvest tax and transfers the receipts to the Department of Forestry on a quarterly basis. As shown in Figure 1, Oregon timber harvest levels declined during the 1990s, largely a function of a policy change related to the management of federal lands.

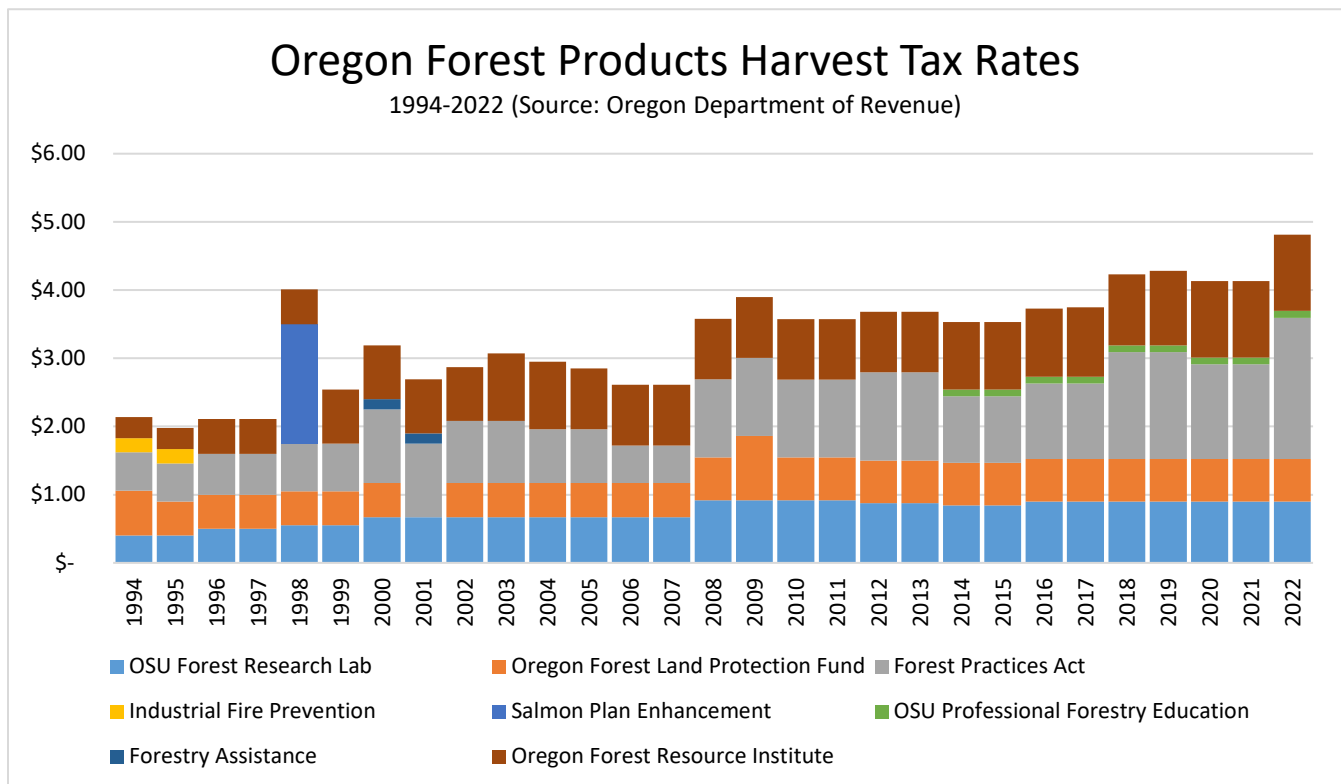
Figure 1: Oregon Timber Harvest, 1966-2021



In response, the harvest tax rate increased as the department’s budget needs were spread across lower harvest volumes (Figure 2). Since 1999, the harvest level has generally remained stable between 3.5 and 4 billion board feet per year, and tax rates have remained stable as well.

Due to the COVID-19 pandemic and nationwide housing trends showing a decline, forecasting is more difficult than usual. However, based on the forecast, feedback and 2022 harvest tax turnovers, we expect that harvest levels will be in the 3.3 billion board feet range, a slight market correction down from the 3.5 billion board feet previously.

Figure 2: Oregon Forest Products Harvest Tax Rates, 1994-2022



Have questions or need more information?

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